

EL SALVADOR, GUATEMALA, HONDURAS

INTEGRATED MANAGEMENT OF THE MONTECRISTO TRINATIONAL PROTECTED AREA

RS-X1016

PROJECT DOCUMENT NON-REIMBURSABLE OPERATION FINANCED WITH GEF RESOURCES

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INFORMATION AVAILABLE IN THE RE2/EN2 FILES

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Technical Information in Support of Execution (RE2/EN2):

1. Environmental and Socioeconomic Diagnostic Study of the MTPA.
(NORPLAN/NFG/Fundación Vida/ProBioma/SalvaNatura Consortium, August 2005)
2. IMP (IMP) of the MPTA (including maps and other Appendices)
(NORPLAN/NFG/Fundación Vida/ProBioma/SalvaNatura Consortium, August 2005)
3. MTPA Citizen Participation Plan
(NORPLAN/NFG/FUNDACIÓN VIDA/PROBIOMA/SALVANATURA CONSORTIUM, AUGUST 2005)
4. Rapid Ecological Evaluation of the MTPA (SalvaNatura, 2005 - draft)
5. Montecristo National Park Diagnostic Study (MAG-PAES-CATIE, 2003)
6. Legal and Institutional Analysis (International Resources Group, IRG – Draft)
7. Operating Regulations (draft in preparation)

ACRONYMS

AFE/COHDEFOR	State Forestry Administration /Honduran Forestry Development Corporation
ALIDES	Central American Alliance for Sustainable Development
ATRIDEST	Trifinio Associations for Sustainable Development
CABEI	Central American Bank for Economic Integration
CATIE	Tropical Agronomy Center for Research and Teaching
CCAD	Central American Commission for Environment and Development
CEL	Lempa River Executive Hydroelectric Commission
CONAMA	Guatemalan National Commission on the Environment (now MARN)
CONAP	National Council on Protected Areas in Guatemala
CTAP	Trinational Committee for Protected Areas
CTPT	Trinational Commission for the Trifinio Plan
DAPVS	Department of Protected Areas and Wildlife in Honduras
GEF	Global Environment Fund
GTZ	German Agency for Technical Cooperation
IAEA	International Atomic Energy Agency
IABIN	Inter-American Biodiversity Information Network
IDB	Inter-American Development Bank
IMDS	Mesoamerican Sustainable Development Initiative
IMP	Integrated Management Plan (of the MTPA)
INBIO	Costa Rican National Biodiversity Institute
IUCN	International Union for Nature Conservancy
LAP II	Land Administration Project, Phase Two
MAG	Ministry of Agriculture and Livestock (El Salvador or Honduras)
MAGA	Ministry of Agriculture, Livestock and Food (Guatemala)
MARENA	Multiphase Management Program of Natural Resources in Priority Basins
MARN	Ministry of Environment and Natural Resources (El Salvador or Guatemala)
MBC	Mesoamerican Biological Corridor
MTPA	Montecristo Trinational Protected Area
NSCs	National Stakeholders Committees (PT-CARL participation forums)
PAES	Environmental Program in El Salvador
PATH	Honduran Land Administration Program
PPP	Puebla-Panama Plan
PROARCA	Regional Environmental Program for Central America (financed by USAID)
PRODERT	Development Project for Ecological Fragility Zones of the Trifinio Region
PRONADERS	National Sustainable Rural Development Program
PT-CARL	Trinational Sustainable Development Program for the Upper Lempa River Basin
SE-CCAD	Executive Secretariat Central American Commission Development Environment
SE-CONAP	Executive Secretariat of the National Council on Protected Areas (Guatemala)
SET	Trinational Executive Secretariat for the CTPT
SIGAP	Guatemalan Protected Areas System
SINIT	National Land Information System (Honduras)
TTU	Trinational Technical Unit
TMU	Trinational Management Unit
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WB	World Bank

PROJECT SUMMARY
EL SALVADOR, GUATEMALA, HONDURAS
INTEGRATED MANAGMENT OF THE MONTECRISTO TRINATIONAL PROTECTED AREA
(RS-X1016)

Financial Terms and Conditions				
Borrower: n/a			Amortization Period:	N/a
Guarantor: n/a			Grace Period:	N/a
Executing Agency: Trinational Commission the Trifinio Plan (CTPT)			Disbursement Period:	48 months
Source	Amount	%	Interest Rate:	N/a
IDB (grant from the Global Environment Facility - GEF)	3,500,000	39%	Supervision and Inspection Fee:	N/a
Local:	1,167,000	13%	Credit Fee:	N/a
Complementary co-financing (see Table III-2)	4,323,000	48%	Currency:	US\$
Total	8,990,000	100%		
Project at a Glance				
Project objective:				
Support the initial implementation of the Integrated Management Plan (IMP) of the Montecristo Trinational Protected Area (MTPA) in the Trifinio Region of El Salvador, Guatemala and Honduras, through a trinational institutional framework operating in a participatory, integrated and effective manner as a means to conserve the biodiversity, natural processes and environmental services of local, regional and global importance provided by the MTPA and facilitate its integration into the Mesoamerican Biological Corridor.				
Special contractual clauses:				
Prior to the first disbursement, the following shall be required: i) signature of the respective bilateral agreements between CTPT and each of the national protected areas authorities in the three countries for the delegation of functions that will enable the trinational management of the MTPA (¶4.1), and ii) enter into effect of the Operating Regulations approved by the Bank. The Operating Regulations will include the Terms of Reference/conditions for the contracting of a third party entity to perform the functions of the Trinational Management Unit (TMU) under a co-management scheme (¶4.2). Within twelve months from the operational establishment of the TMU, the consolidated baseline of indicators outlined in the Logical Framework will be presented to the Bank and published in the CTPT's website (¶4.11). In addition, upon fulfillment of Article 3.01 (a), (b), (c) and (e) of the General Conditions of the Contract to be signed between the CTPT and the Bank, the CTPT may request a special disbursement of up to US\$100,000 to finance support for complying with the special conditions prior to first disbursement; hiring of the consultant to support the Trinational Technical Unit (TTU); related expenses for the approval of the Operating Regulations; and consolidation of the baseline.				
Exceptions to Bank policies:				
There are no exceptions to Bank policies.				
Project consistent with Country Strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
Project qualifies for: SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>				
Procurement: The procurement of works, goods and consulting services shall be carried out in accordance with the new Purchasing Policies and Procedures of the Bank pursuant to documents GN-2349-6 and GN-2350-6. (¶4.9).				
Verified by CESI on: January 7, 2005				

I. FRAMEWORK OF REFERENCE

A. The Montecristo trinational protected area within the context of the Trifinio Region

- 1.1 The Montecristo Massif is a mountainous area in the center of the territory known as the Trifinio Region where the borders of El Salvador, Guatemala and Honduras meet precisely at a peak of Punto Trifinio found at 2,418 meters above sea level (see [Annex 3](#)). This area is significant as it comprises the upper reaches of three of the most important watersheds in Central America (Lempa, Motagua and Ulúa) and due to the unique diversity of its biological resources.
- 1.2 Since 1987, the three governments have invested their own funds as well as grants and loans provided by international institutions to promote sustainable development under the guidance of the Trifinio Plan. One of the main activities was the Trifinio Pilot Project carried out with the assistance of the European Union in 17 municipalities in the region between 1992 and 1999.¹
- 1.3 Recognizing the biological value of the area, the governments of the three countries, through the Trinational Commission of the Trifinio Plan (CTPT) signed a declaration in 1987 for the protection of the ecosystems in the Trifinio Region.² In response, the countries established protected areas in their respective territories of the Montecristo Massif: in El Salvador as the Montecristo National Park; in Guatemala as the La Fraternidad Biosphere Reserve; and in Honduras as the Montecristo-Trifinio Biosphere Massif Reserve and National Montecristo Park³. However, only El Salvador has established and maintained infrastructure and staff for management in its portion.
- 1.4 In 1997, the countries signed the Treaty for the Execution of the Trifinio Plan, which recognizes the Trifinio Region as a special interest area of the three governments, and as an indivisible ecological unit, in which only joint coordinated action can provide a satisfactory solution to the problems affecting that region and the sustainable management of its natural resources. The governments requested financing and technical assistance from the Bank and other institutions and donors for the design and execution of the Trinational Sustainable Development Program for the Upper Lempa River Basin (PT-CARL).
- 1.5 In 2003, the CTPT, through its Trinational Executive Secretariat (SET), requested the Bank's help for financing the preparation of an Integrated Management Plan (IMP) for the protected areas in Montecristo. Based on the results of the socio-environmental diagnostic study carried out, the protected areas authorities in the three countries,⁴ represented in the Trinational Committee for Protected Areas of Trifinio (CTAP)

¹ Proyecto Piloto Trifinio, *1999 Report and Final Report (Goals reached 1992-1999)* Esquipulas, Dec. 1999.

² Declaration of the La Fraternidad International Biosphere Reserve.

³ Executive Decree No. 53, published in the Diario Oficial, Volume 297, dated November 17, 1987 (El Salvador); Government Resolution 939-87 and reaffirmed under Executive Order 4-89 (Guatemala) and Executive Order 87/87 (Honduras).

⁴ Ministry of the Environment and Natural Resource of El Salvador (MARN), Executive Secretariat of the National Council on Protected Areas of Guatemala (SE-CONAP), State Forestry Administration/ Honduran Forestry Development Corporation (AFE-COHDEFOR).

proposed the medium-term objective of effective on-ground management of protected areas in all three countries seeking to expand the original boundaries of these areas to ensure conservation of biodiversity in the forest areas in the Montecristo Massif as a whole (both state and private lands), much of which were not included in the original protected area designations⁵. It was agreed to refer to this new expanded area as the Montecristo Trinational Protected Area (MTPA). In October 2005, the Vice Presidents of Guatemala, Honduras, and El Salvador signed a Resolution supporting the MTPA initiative and the implementation of the IMP.

B. Ecological importance of the MTPA

- 1.6 **Biogeographical aspects.** Montecristo lies almost exactly in the middle of the Northern Central America Bioregion. The mountainous areas to the west in Guatemala and Chiapas (Mexico) form one bioregional province, with their own species and subspecies, while the highlands of Honduras and Nicaragua to the east form another bioregional province, where other distinct species have evolved. Montecristo is thus presumed to be an important point for genetic exchange and preservation, and it is considered as one of the most important biodiversity refuges in the Mesoamerican Biological Corridor (MBC). The MTPA is in fact included among the prime biological corridors identified in the Regional Strategy for the Conservation and Sustainable Use of Mesoamerican Biodiversity (Central American Commission for Environment and Development - CCAD (2003) and is one of the few that facilitates the connection of the corridors of the Atlantic slope with the Pacific.
- 1.7 **Ecoregions.** The MTPA includes relatively large clusters of natural habitat in two threatened ecoregions: mountainous forests of Central America (endangered) and pine-oak forests of Central America (critically endangered). The area contains one of the largest and least disturbed areas of cloud forest (6,650 hectares⁶) in Central America. This type of forest is widely recognized for conserving large diversities of species, many of which live in few places in the world and are in danger of extinction. In the rapid ecological assessment carried out with GEF PBF-B funds in the Guatemalan and Honduran portions⁷ of the MTPA in 2005, it was found that the diversity of the cloud-forest flora was greater than similar forests in Costa Rica, and comparable to the diversity found in cloud forests in Colombia and Peru. It is suggested that Montecristo has served as a biological diversity refuge during the climactic fluctuations of the Pleistocene.
- 1.8 **Description of species diversity.** To date at least 1,410 species have been registered in the MTPA, including 900 species of plants (of which 280 are orchids), 116 species of beetles, 50 amphibians and reptiles, 80 mammals and 264 birds. Scientific estimates, however, suggest that the wealth of species in these groups could rise to 3,300 species. During the rapid ecological assessment carried out during the preparation of the Project, five trees possibly new to science were identified.⁸The importance of the MTPA as a refuge for biodiversity, however, is not necessarily due to the large number of species in

⁵ The area of the MTPA is 13,924 Ha and its buffer zone is 28,354 Ha.

⁶ According to data for 2002 (GIS PT-CARL).

⁷ The Salvadoran portion was already completed with funds from the PAES program financed by IDB.

⁸ International consultations to confirm these findings are still taking place.

the area, but rather because of the abundance of endemics and the existence of globally threatened species. Studies indicate that there is at least one salamander, 34 beetles, and more than 13 species of flora endemic to the site and at least 3 amphibians, 12 reptiles and 15 birds considered endemic to the two ecoregions mentioned. Of the species found, 50 are considered globally threatened, including 44 plants, 3 amphibians, 1 lizard, 1 mammal and 1 bird. Moreover, at least 62 species of migratory birds have been sighted; 11 of them are regarded as especially important for conservation due to declining populations and distributions limited to small biomasses. This suggests that this relatively small portion of forest also has an impact ecosystems in North and South America.

C. Environmental services provided by the MTPA

- 1.9 **Water resources.** Due to its location in upper reaches of the Lempa river basin, the cloud forest of the MTPA serves a critical role in producing water resources utilized by the populations in the MTPA and its buffer zone in all three countries (approximately 18,000 people) and the nearby municipal centers of Esquipulas (Guatemala), Metapán (El Salvador), and Ocotepeque (Honduras) as a source of potable water and irrigation, and downstream in El Salvador for generating hydroelectric power. It has been estimated that from the 13,924 hectares of protected area surface, a runoff volume of approximately 100 million cubic meters a year is produced reaching the creeks and tributaries of the Lempa River. In addition, the MTPA is the most important tributary of the Lempa River waters during the dry season from November to April. This river supplies water to satisfy an annual consumption in El Salvador alone of around 174 million cubic meters currently, and by 2020 it is expected to reach 460 million cubic meters. Montecristo likewise provides water for irrigating over 14,000 hectares, is used for coffee processing in the MTPA buffer zone and by a large number of factories downstream in Metapán and other cities.
- 1.10 **Hydroelectric power production.** The upper and middle Lempa River Basin has four reservoirs used for hydroelectric power production managed by the Lempa Executive Commission (CEL), including the Cerrón Grande Power and 15 de Septiembre hydroelectric stations, which receive water from the Lempa and three rivers with tributaries in Honduras. There are also new hydroelectric projects under evaluation, such as the Cimarrón hydroelectric project. The Lempa River serves to generate around 430 MW of hydroelectric power, from 10 generating units in those four hydroelectric plants, supplying over 50% of El Salvador's demand.
- 1.11 **Vulnerability reduction.** Because of its intact forest cover, the MTPA also mitigates the effects of natural disasters such as tropical storms and earthquakes, acting as a regulating sponge during torrential rains, reducing vulnerability to flash floods, mudslides and landslides. It has the same effect in terms of holding and stabilizing steep slopes and hill land areas during earthquakes. In addition, like any healthy forest, the MTPA regulates local and regional climate, produces oxygen, and traps carbon, the latter being of global importance.

D. Socioeconomic context

- 1.12 **Population.** It is estimated that the population indirectly affected by the Project living in the Upper Lempa River basin is comprised of 314,000 inhabitants, distributed throughout 20 municipalities in five departments, eight of which belong to El Salvador, seven to Guatemala and five to Honduras. Of the entire population, 39% is in El Salvador, 49% in Guatemala and 12% in Honduras. With regard to the population directly affected and benefited by the Project, there are 24 small settlements in the MTPA⁹ territory (approximately 3,300 inhabitants), and in the buffer zone there are 77 settlements of differing size (approximately 18,000 inhabitants).
- 1.13 **Poverty.** Poverty levels vary depending on zones in the Upper Lempa River basin, although it is more marked in the rural area where 87% of the population lives in poverty and 53% lives under extreme poverty. There are significant levels of extreme poverty in the sub-basins covering the MTPA and its buffer zone. Approximately one-third of the total population of the MTPA is illiterate, and there are few economic options other than subsistence agriculture for improving their incomes.
- 1.14 **Access to basic services.** Approximately 66% of rural homes in the MTPA and its buffer zone have domestic water service. However, most of the water supply services do not provide any treatment and are not truly potable. Inhabitants lacking services in their homes obtain water from rivers and shallow wells other sources near their homes, few of which can be considered safe for consumption. Gastrointestinal disease is the leading factor in terms of both morbidity and mortality. In the rural area less than half of homes have toilets, and approximately a third of homes do not have any type of sanitary disposal systems. Solid waste is poorly managed, especially in rural areas, where trash is normally burned, buried, dumped at unauthorized trash heaps, and disposed of in rivers and creek beds.
- 1.15 **Culture and ethnic groups.** In terms of culture and ethnicity, the population of the region is primarily ladino, in both origins and customs. The only indigenous group identified in the region is the Maya Chortí population, which lives primarily in the municipalities of Jocotán and Camotán, Department of Chiquimula in Guatemala and in the municipalities of Copan Ruinas and Santa Rita, in the Department of Copan, Honduras, areas far from the direct influence of the MTPA. There are a few small settlements within the MTPA buffer zone some of whose members are recognized as Chortí, but for the most part they have been assimilated in the local society and do not profess claims on lands or cultural sites in the Project area.
- 1.16 **Land tenure.** According to a pre-cadastre made in 1995 there are 121 owners with an extension of 5,807 hectares of lands, or almost 42% of the territory proposed for the MTPA, including significant extensions of healthy cloud forest and transitional forest. The IMP proposes that the current boundaries of the three protected areas that make up the MTPA be expanded to include all important extensions of cloud, transitional pre-

⁹ The MTPA is situated in the Municipality of Metapán, Santa Ana Department, and in the Municipality of Citalá, Chalatenango Department (El Salvador); municipalities of Concepción Las Minas and Esquipulas, Chiquimula Department (Guatemala); municipalities of Santa Fe and Ocotepeque, Ocotepeque Department (Honduras).

cloud, mixed pine-oak and pure pine forests on the Montecristo Massif that were previously omitted under their respective legal declarations. Each of the respective protected areas declared in Honduras and Guatemala have private property inholdings and informal tenants (*posesionarios*), while the boundaries of El Salvador's Montecristo National Park were drawn to exclude all private properties which, in fact, occupy the most important extensions of the most important cloud forest in the country. While some of the private landholdings are legally registered, other properties are informally occupied¹⁰. In the case of public properties, their exact locations are only poorly known and are not demarcated. Consequently, the area is prone to invasions for usurping of lands and natural resources. Stabilizing land tenure in and adjacent to the MTPA is an essential step in the process of establishing ownership and vested rights to land and resources, as well as delimiting and demarcating the legal limits of a protected area.

- 1.17 **Economic activities.** The economy of the region revolves around farming, ranching, and forestry, along with crafts and tourism. The poorest producers, many of these landless or who have small unregistered hillside plots, grow basic subsistence grains; however, commercial vegetable production is increasing in Guatemala and Honduras. In the entire Upper Lempa River Basin coffee is grown on approximately 18,000 hectares at altitudes between 800 and 1,500 masl, including over 1,000 hectares in the MTPA. While coffee is important in the economy of farm families, there is a shift to non-shade coffee in the areas of Guatemala and Honduras. Cattle production systems are generally family-based and dual purpose, with an average of five head per operation, all extensively pastured with little technology. Forestry is not significant and there are few areas with forestry management plans approved by the governing agencies in the countries. Nevertheless, the consumption of forest products in the region is high, primarily firewood for household use and for handicrafts in El Salvador and for the brick industry in Honduras.
- 1.18 The potential for tourism industry development in the Trifinio Region, is high. On the average, the Region receives approximately 1.7 million tourists, attracted by the Basilica in Esquipulas (Guatemala), the Copan Maya Ruins (Honduras), and the colonial area and archaeological remnants in Metapán, handicraft industry in La Palma and the Montecristo National Park¹¹ (El Salvador). In La Palma (El Salvador) and Esquipulas (Guatemala) the handicraft tourism is strong. In Honduras and Guatemala, there are no tourism attractions developed to market the educational and recreational potential of the MTPA. Considering the number of tourists in the region, there exists great potential for linking tourist visits to the MTPA, as well as incorporating nearby communities in the tourism trade.

E. Institutional framework of the Trifinio Plan

- 1.19 The Treaty for the Execution of the Trifinio Plan established an institutional arrangement for the execution of plans and programs in the Trifinio Region. This institutional arrangement includes: (i) the CTPT¹², made up of the Vice Presidents of each of the countries, whose mandate is to oversee the execution of the Plan; and (ii) the SET, as

¹⁰ According to the diagnostic carried out during the preparation of the IMP, the level of land being legally registered in the municipalities, in which the MTPA is located, as a whole ranged from 45% to 90%.

¹¹ Montecristo National Park in El Salvador receives approximately 16,000 visitors a year.

¹² The CTPT has its own legal status and administrative, financial, and technical autonomy.

permanent executive body of the CTPT, is made up of a Trilateral Secretary and three National Executive Directors. Its functions include carrying out the resolutions approved by the CTPT and handling administration of the resources obtained for the execution of the plans and programs under the Trifinio Plan. The funds for financing this institutional arrangement come from equal contributions from each of the member countries, plus the grants and development assistance funds provided by international development assistance institutions. The SET has established administrative, financial, procurement, and monitoring systems under its Trilateral Administration Unit and Trilateral Technical Unit, which support the execution of projects framed within in the Trifinio Plan. Currently, the CTPT, through SET and its units, is carrying out other Bank-funded projects, such as the PT-CARL.

F. Concordance with regional and national policy and institutional frameworks

- 1.20 The Treaty for the Execution of the Trifinio Plan is the primary political framework for supporting the MTPA initiative. That same year the Central American Presidents agreed to promote the construction of the MBC by interconnecting the protected natural areas of each country to conserve biological diversity as a basic and strategic element for maintaining sustainable production on a regional scale. One of the objectives of the Trifinio Plan and the MBC is the protection, conservation, and management of the ecosystems in Montecristo and other ecologically-linked ecosystems within the Trifinio Region. The proposed Project meets the objectives established by the Central American Alliance for Sustainable Development (ALIDES) and the Regional Strategy for Conservation and Sustainable Use of Mesoamerican Biodiversity (CCAD 2003). Furthermore, in 2003 the Central American countries signed the Memorandum of Understanding for the Mesoamerican Sustainable Development Initiative (IMDS) of the Puebla-Panama Plan (PPP), which has sustainable management of natural resources in transboundary areas as a principal objective, including Trifinio-Montecristo.
- 1.21 The institutions responsible for the protected areas of the three countries held a meeting in February 2003 at which they decided to contribute comprehensively to the process of planning, and administration of the protected areas of the Trifinio Region. The CTPT recognized the establishment of the CTAP, made up of representatives of the national protected areas agencies of each of the three countries, as a technical advisory body in the topic of protected areas, and sought the support of the Bank and GEF to proceed with efforts to develop a plan and actions for effective management and protection of the MTPA. After 18 months of effort, including updated diagnostic studies and maps and the preparation of the IMP, in October 2005 the Vice Presidents of the three countries signed a Resolution supporting the MTPA and the implementation of the IMP.
- 1.22 The proposed Project is consistent with national biodiversity strategies and the respective action plans of each country, which were previously financed with GEF funds, in which the Montecristo area comprises a management priority.¹³ The Project is also consistent

¹³ The three countries have ratified the Convention on Biological Diversity: El Salvador, on September 8, 1994; Guatemala, July 10, 1995; and Honduras, July 31, 1995.

with national biodiversity conservation priorities and legal frameworks of each of the participating countries, as follows:

- 1.23 *El Salvador*. The Protected Natural Areas Law was passed by the Legislative Assembly through Legislative Decree N° 579, (January 13, 2005) and published in the *Diario Oficial*, N° 32, Volume N° 366 (February 15, 2005). It establishes the Protected Natural Areas System and provides legal guidelines for their management and financing. Currently the draft regulations of the Protected Natural Areas Law are being prepared and will soon be submitted for enactment by the Executive Branch. The National Biodiversity Strategy of El Salvador (GEF/UNDP/MARN) in turn establishes the following three priorities: (i) implementation of an information system on biodiversity and the consolidation of the national protected areas system; (ii) institutional restructuring and redefinition of conservation activities, including the updating of plans, programs and policies, along with regulations and procedures; and (iii) upgrading of national, institutional, and human capabilities in biodiversity conservation. The Montecristo National Park is rated as the highest-priority protected area in El Salvador (National Biodiversity Strategy, 1999), and it is the larger of the two extensions of cloud forest that still retain this ecosystem.
- 1.24 *Honduras*. The legal mandate that gave rise to the Montecristo National Park is Decree 87-87. This decree complements the General Law on the Environment (Decree 104-93) that created the National System of Protected Areas of Honduras (SINAPH). In 2003, the government carried out a study for rationalizing the National Protected Areas System, in which approximately 35 protected areas out of a total of 107 were prioritized for increased attention and support, one of them being the Montecristo National Park¹⁴. The area is also one of the four biological corridors identified nationally as part of the framework of the Mesoamerican Biological Corridor.
- 1.25 *Guatemala*. The Protected Areas Law (Legislative Decree 4-89) establishes that the National Council on Protected Areas (CONAP) is the institution responsible for the administration and management of protected areas and wildlife nationwide. According to the National Strategy for the Conservation and Sustainable Use of Biodiversity of Guatemala (1999), the Altos de Chiquimula Bioregion, the site of the La Fraternidad Biosphere Reserve (Montecristo Massif), ranks in tenth place among 26 bioregions in terms of the composite ranking criteria of biodiversity, extension and representativity. This classification is limited primarily by the criterion of extension, where the entire area of the MTPA had not been taken into account but only the portion in Guatemala¹⁴. The Reserve is also indicated on the map of the Guatemalan Protected Areas System (SIGAP) as part of the biological corridor connecting the protected areas of Sierra de Minas to the north and Guija Lake wetland to the south.
- 1.26 It should also be noted that the three countries promote private reserve programs¹⁵, as well as co-management programs under agreements with non-government organizations

¹⁴ This priority setting was done with limited information on biodiversity in Montecristo, but with the recent findings in the rapid ecological assessment (2005) it is likely that the priority ranking for biodiversity conservation could increase.

¹⁵ There are 12, 51 and 40 private reserves established in El Salvador, Guatemala and Honduras respectively.

(NGOs), municipalities or universities¹⁶. The effort of the municipalities in promoting conservation actions in Montecristo also deserves mention, including the initiative of setting up protection and patrolling actions by hiring a small group of rangers for their respective portion of the MTPA as part of the directives under their respective Municipal Environmental Units (in Guatemala and Honduras).

G. Biodiversity threat and root cause analysis

- 1.27 Anthropogenic pressures represent the main threat to the ecosystems represented in the Montecristo Massif and the MTPA. Among the most important are:
- 1.28 *Felling of natural forests for agricultural and cattle ranching uses:* The gradual destruction of natural forests due to uncontrolled expansion of the agriculture frontier and grazing is evident, resulting in the reduction and fragmentation of ecosystems.¹⁷ An estimated 3,300 people are estimated to live within the MTPA (which is mainly cloud and transition forest), and the trend is toward increasing these numbers due to pressures from people seeking land, primarily on the Guatemalan and Honduran sides. Coffee-growing areas in the MTPA are increasing,¹⁸ especially with “non-shade” species, thereby reducing the ecological value of these lands and increasing the risk of flash flooding and soil erosion and vulnerability to natural disasters. In addition, many species of flora and fauna whose survival is tied to surface bodies of water are threatened as previously permanent water sources have become ephemeral. This process has its origins primarily in the destruction of the forest cover in aquifer recharge areas, whose capacity has been reduced with increased runoff to the detriment of their absorption and filtering capacity and with the consequent drop in the underground water tables that feed downstream surface water sources, especially during the monsoonal dry season.
- 1.29 *Forest Fires:* The climate conditions of high temperatures and strong winds during the dry season, especially in areas on the Pacific Slope side of the MTPA of Guatemala and El Salvador, combined with traditional practices of slash-and-burn agriculture and overgrazing, increase the vulnerability of ecosystems to forest fires. Exact information is not available on the occurrence of forest fires in the MTPA, although in the upper reaches of the Lempa River Basin 1,019 fires were recorded in 2001 affecting 41,500 hectares, and many of them occurred in the buffer zone in the northeast sector of the MTPA. Another cause of forest fires is hunting, in which the practice of burning is used during hunting to corral and trap their prey. Evergreen forests and their transition to pre-cloud forests, ecological associations where the largest number of species of fauna are recorded, are especially sensitive to fires.
- 1.30 *Application of non-sustainable agricultural activities:* The application of traditional cultivation methods on slopes on which slash-and-burn is used without soil and water conservation practices leads to accelerated erosion and sedimentation of water bodies.

¹⁶ Co-management has been adopted in the three countries in order to seek greater effectiveness in the management of the protected areas. In El Salvador, Guatemala and Honduras there are 18, 25 and 31 examples respectively.

¹⁷ Although there are no precise and recent data on change of the forest cover in the MTPA, in the Trifinio Region as a whole a reduction in the forest cover of 30% was observed between 1986-2000 (Development Pilot Project of the Trifinio Region, European Union).

¹⁸ El Salvador (40 hect.); Honduras (5822 hect.) and Guatemala (458 hect.).

Also, excessive use of agrochemicals for pest, disease, and weed control (primarily in burgeoning horticultural and ornamental plants cropping) constitutes a serious threat to the loss of biodiversity, mainly affecting the microflora populations in the soil, insects, small mammals, aquatic fauna and birds, which form part of the biological wealth of the region. This problem appears primarily in the buffer zone, but with the expansion of cropping higher and higher on the Montecristo Massif, it threatens the MTPA. Coffee monoculture, especially of non-shade varieties, also requires greater use of agrochemicals.

- 1.31 *Structural extraction and degradation of the forests:* Due to illegal wood extraction, particularly in the pine and mixed pine-oak forests, there is a high structural degradation, because of the damages resulting from the extraction process itself and/or as a result of the elimination of the possibilities for natural regeneration with parent trees providing good genetic characteristics. Almost all the families in the MTPA and its buffer zone use firewood for cooking. Pine is the species most used, but pine and hardwoods are also taken for construction without any technical basis, and thus a forest is left unmanaged and overpopulated with small misshapen trees, which has led to the proliferation of weevils and significant die-offs. Because of limited oversight, primarily on the Honduran and Guatemalan sides, plunder and illegal trade in resources has become another income-generating activity in the MTPA. The main products removed are lumber and plants (ferns, mosses, orchids, and certain medicinal herbs).
- 1.32 *Indiscriminate and illegal hunting and collection of animals:* It is a traditional practice of many people living around ecosystems that have an abundance of fauna commercially valuable for food and for other purposes, including sport. While subsistence hunters concentrate on certain species for their meat, there are at least two hunting clubs that also hunt species for sport, including regionally endangered species. People also collect small animals and birds to keep them as pets or for sale.
- 1.33 *Inadequate disposal of domestic and industrial solid and liquid wastes.* Information available on water quality in the area has been generated in studies on the Lempa River, but the contamination processes identified in these studies are considered to be applicable to the MTPA and its buffer zone. These studies show problems of water quality in most of the tributaries and in the main channel of the Lempa River because domestic, agroindustrial, and industrial wastes are not treated in any way before being dumped into streams, and also to inadequate levels of coverage of latrines and basic rural sanitation. The most serious problem of industrial pollution for the MTPA is that of coffee processing. Wet coffee processing produces three different pollutants: wastewater from de-pulping, wastewater from washing, and the organic load of the pulp when it is dumped into streams. Contamination from coffee processing water and pulp is concentrated between the months of December and April, when the flow in streams is very low and its dilution capability diminished.
- 1.34 There are structural causes that give rise to the threats to the integrity of the ecosystems and the biodiversity of the MTPA. As in many cases, the transboundary areas are traditionally lands “of everybody and nobody” and receive less attention from governments, especially in terms of basic human services and technical assistance.

Governments have traditionally maintained limited presence, and there is scarce real application of conservation laws. Thus far, only in El Salvador have funds been invested in managing its own Montecristo National Park, thereby achieving a degree of protection, whereas in Guatemala and Honduras¹⁹ there are practically no programs or investments in the management of their own respective declared protected area portions of the MTPA.

- 1.35 Rural national borders are marginally controlled by the authorities, and cross-border commerce is very informal, with a good degree of smuggling. Nationalism has likewise represented an obstacle to efforts to integrate the efforts and management of natural resources in common. The economy in the Trifinio Region is not very developed because of the limited business opportunities and credit sources, contributing to the fact that people make their living primarily through marginal farming on soils that are not very productive and are more suited for forestry. Non-regularized land tenure also affects the attitude of the people in terms of their application of practices of water, soil, and forest conservation²⁰. The consequence is low production, low income, limited trade, scarce investment, and ultimately a high rate of poverty.
- 1.36 There is a lack of regional territorial plans and frameworks to regulate land and resource uses for specific productive sectors compatible with the maintenance of the fundamental environmental processes of the MTPA. Compounding this is limited awareness of the fragility and real value of the environmental goods and services provided by the ecosystems, which results in attitudes that contradict sustainable natural resources management. Finally, the municipalities and civil society organizations in general do not have sufficient human resources or adequate technical training to lead the process of sustainable development, nor have they had much participation and direct involvement in dealing with the environmental issues affecting the region, let alone in a trinational manner.
- 1.37 Unless the necessary steps are taken under participatory processes involving the different groups of stakeholders and resource users, and adequate management is established over the trinational area as an integrated conservation unit, the risk is very high that these biological resources that are vitally important for the three countries, Central America, and the world, will be lost.

H. Project strategy

- 1.38 The design of the proposed Project is based on the existence of the regionally and globally important biodiversity in the Montecristo Massif, but which is threatened by increasing anthropogenic pressures, and where a comprehensive and integrated management framework is lacking. The Project seeks to catalyze initial high-priority actions necessary to consolidate the MTPA, facilitate the development of an effective trinational framework for management and participatory administration of the area, and initiate effective on-ground implementation of its IMP. This will be achieved through

¹⁹ In Honduras AFE-COHDEFOR initiated the demarcation the boundaries proposed for the MTPA but was not completed due to insufficient funding.

²⁰ There are, however, some owners of large extensions of legally registered lands on which forest cover and the functions of ecosystems have been conserved.

interrelated activities in the following components: (i) legal, territorial and institutional consolidation of the MTPA; (ii) integrated management of the MTPA for the conservation of biodiversity; (iii) sustainable use of natural resources and environmental management in the buffer zone and biological corridors; and (iv) monitoring and research of ecological and socioeconomic conditions in the MTPA, buffer zone and biological corridors.

- 1.39 The Project will adopt a dual-track approach, supporting in parallel: (i) activities that are feasible in the short term, such as contracting necessary technical staff, and installation of basic infrastructure and equipment to facilitate effective on-ground management; and (ii) proceed with the technical, legal and political processes required to achieve in the medium and long term the complete set of results and objectives proposed in the IMP. The effort will be made to gradually delegate management functions currently under national responsibility to the trinational framework through co-management arrangements.
- 1.40 The establishment of the MTPA and making it operational is innovative, as it would be the first trinational protected area in the Americas under a single administration unit, a single management plan, and under a single budget. The design of the Project was tempered with lessons learned from other transfrontier protected areas in the Region and from the Bank-financed PT-CARL Program and other projects managed under the Trifinio Plan (see further details in [Appendix L of the GEF Executive Summary](#)). The experience gained by the Bank from several years of involvement in Trifinio, as well as other transboundary areas in the Region, provides a value added.
- 1.41 The proposed Project responds to GEF guidelines established under Operational Program 4, Mountainous Ecosystems, where the aim is to: (i) pursue on-site conservation of the ecological associations of cloud forest, pre-cloud (transitional) forest, and pine and mixed pine-oak forests; (ii) contribute to regional and global efforts to implement the MBC; and (iii) pursue the dissemination and adoption of best practices in the sustainable use of natural resources. The Project meets the basic elements of GEF strategic priority *BD-1: Catalyzing the Sustainability of Protected Areas* in that it will contribute to: (i) strengthen capacities for managing a trinational protected area; (ii) promote formal involvement of local communities; (iii) reduce the threats to the biodiversity; (iv) develop and implement innovative sustainable financing mechanisms; and (v) foster participation of private landowners. The innovative trinational management model proposed is expected to be replicable elsewhere in the region and the Project will contribute to regional initiatives to disseminate information on biodiversity and best management practices. The Project will also promote changes in the attitudes and actions of national governments, municipalities, community organizations and actors in productive sectors so as to facilitate the adoption of ecosystem-based management practices. The Project also responds to the objectives the Mountain Biodiversity Working Program, promoted by the Secretariat of the Biological Biodiversity Convention, particularly as it will: (i) help reduce the threats to vulnerable ecosystems like the cloud forest; (ii) seek to establish a transboundary biodiversity conservation initiative; and (iii) expand and disseminate the information base on mountain biodiversity conservation.

I. Coordination with strategies, projects and programs of the Bank, GEF, and other development financing institutions in the Region²¹

- 1.42 During the project preparation phase, discussions were initiated with representatives of various projects and institutions to assure coordination and synergies. [Appendix H of the Executive Summary](#) provides details of proposed co-financing from other projects and institutions for specific activities within each of the Project components. The collaboration with other projects and programs are briefly described below.
- 1.43 ***Inter-American Development Bank.*** The Project will contribute to the implementation of the Bank's Environmental Strategy in its objectives to strengthen regional environmental institutions and harmonizing regulatory frameworks, as well as promoting the sustainable management of regional public environmental goods and services. It also responds to the country level policies and strategies of the Bank, which for the three countries contain common elements related to poverty reduction, rural development and sustainable economic growth²².
- 1.44 During the preparation of the Project close coordination has been established with the PT-CARL Program (1331/OC-GU and 1082/SF-HO), which is executed by CTPT, through its SET and will serve as a main source of co-financing for the Project.²³ The specific objectives of PT-CARL and its corresponding components are to: (i) achieve the sustainable management of the renewable natural resources; (ii) reduce the vulnerability to natural hazards; (iii) promote sustainable productive activities and economic diversification; and (iv) strengthen local governments and organizations within a trinational integration context.
- 1.45 The El Salvador Environmental Program/PAES (886/OC-ES), has acquired relevant experiences in implementing soil conservation and agroforestry practices in the middle Lempa River Basin, just downstream to the area of the MTPA, and a portion of its funds were used in the preparation of the management plan and the action plan for the Montecristo National Park which comprises the Salvadoran part of the MTPA. Remaining funds from this program were recently redirected to the Upper Lempa River Basin as a direct contribution to the Project in terms of infrastructure improvements in the Montecristo National Park. The Local Development Program II (1352/OC-ES) will provide funds for the preparation of land-use plans in the Trifinio Region, including the MTPA buffer zone, and will provide funds for small-scale sanitation projects.
- 1.46 In Honduras, the Bank also finances the Multiphase Program of Management of Natural Resources in Priority Basins/MARENA (1077/SF-HO), from which the current Project will draw the experiences of land and resource use technological packages and in promoting payment for environmental services. The Sustainable Forestry Development

²¹ [Appendix H](#) of the GEF Executive Summary provides details of proposed co-financing from other projects and co-financing commitment letters obtained to date are presented in [Annex I](#).

²² [Guatemala](#), [Honduras](#) and [El Salvador](#).

²³ The co-financing of 1331/OC-GU and 1082/SF-HO (PT-CARL) will mainly come from components (i) and (iii) of the respective programs and will be directed to activities in the sub-basins prioritized by the PT-CARL located on lands in the MTPA and its buffer zone including: Anguiatú, Atulapa, Pomola, Río Grande, San José Ingenio, Sesecapa.

Program/ProBosque (1506/SF-HO) is establishing a program for real-time monitoring of changes in forestry coverage and the impact of fires and natural disasters, which is intended to be extended to the MTPA and its buffer zone. The Social Investment Program (1026/SF-HO) has had very few projects in the Trifinio Region, but there are possibilities for developing small-scale sanitation and potable water projects in the buffer zone.

- 1.47 Regionally, the Bank-financed project Promotion of the Administration of Water as a Regional Public Good in the Upper Lempa River Basin in the Trifinio Region (RG-T1157), administered by the SET, will provide co-financing for activities related to the monitoring of water resources, studies to establish mechanisms for the payment of environmental services, and environmental education related to the rational use of water resources.
- 1.48 ***Other complementary initiatives and synergies with other development cooperation agencies.*** Particular efforts have been made to establish collaborations and identify sources of co-financing from other projects implemented under the Trifinio Plan, such as: (i) the Ecological Fragility Zones Sustainable Rural Development Project in the Trifinio Region (PRODERT), financed by the Central American Bank for Economic Integration which will include comprehensive natural resource management actions in the MTPA buffer zone; and (ii) the Sustainable Development of the Environment and Water Resources in the Upper Lempa River Basin Project, financed by the International Atomic Energy Agency. In addition, technical and financial cooperation in community tourism development and handicrafts development will be coordinated with the Binational El Salvador-Honduras Transfrontier Development Program (European Union), which encompasses the same geographical region as the MTPA. The efforts in the MTPA will also be coordinated with activities already underway with the Regional Program for the Consolidation of the MBC (UNDP/UNEP/WB) implemented by the CCAD, as well as a its regional program for promoting conservation on private lands. In addition, efforts will be made to assure that monitoring and research activities in the MTPA are compatible with and are integrated into such systems already established for the MBC program. Also regionally, coordination of strategies and information exchanges will be promoted with the Inter-American Biodiversity Information Network (IABIN–GEF/WB) and Integrated Management of Ecosystems by Indigenous Communities Project (GEF/WB/IDB).
- 1.49 At the national level, collaboration will be sought with: the Promotion of Conservation of Biodiversity in Coffee Lands Project (GEF/WB) in El Salvador, in activities relating to the ecologically sound coffee production. Likewise in El Salvador, the Project will complement efforts of the Pilot Program of Consolidation de Protected Areas and Land Administration (GEF/WB), by developing an institutional and legal framework for the management of a trinational protected area and disseminating experiences and methodologies, as well as facilitating the interconnections of the biological corridor between the MTPA and the protected areas of San Diego La Barra-Lago Güija²⁴. Efforts will also be coordinated with the Natural Resources Management through the Conservation and Restoration of Environmental Services Project (WB/GEF, particularly

²⁴ The Bank has held coordination meetings with the World Bank and the MARN of El Salvador specifically in order to avoid duplication of efforts and assure adequate coordination between these two complementary initiatives.

through the exchange of experiences on payment for environmental services. Execution of the Project will be coordinated with the second phase of El Salvador's Land Administration Project (LAP II) financed by the WB, which will include activities for the regularization of land tenure throughout the country and, with complementary GEF financing, setting of boundaries in a prime group of protected areas, and the preparation of plans for managing them. Technical collaboration and co-financing will be formalized between the two projects, especially in relation to the land register of the MTPA and its buffer zone.

- 1.50 On the Honduran side, the experiences of the Biodiversity in Protected Areas Project (GEF/UNDP-WB) now in its final phase will be drawn on; and encouragement will be given to coordination of protocols and methods of inventory and scientific research, and ecological monitoring, and exchange of experiences with the new Promoting Integrated Management of Ecosystems and Natural Resources Project (GEF/UNDP), as well as experiences to be generated through the execution of the new binational El Corazon Transboundary Biosphere Reserve project between Honduras and Nicaragua (GEF/WB). Technical assistance and co-financing will also be sought from the Honduras Land Administration Project/PATH (World Bank) in the development of the cadastre and land tenure regularization in the MTPA.

II. PROJECT OBJECTIVES AND DESCRIPTION

A. Project objectives

- 2.1 The objective of the Project is to support the initial implementation of the IMP of the MTPA in the Trifinio Region of El Salvador, Guatemala and Honduras, through a trilateral institutional framework operating in a participatory, integrated and effective manner as a means to conserve the biodiversity, natural processes and environmental services of local, regional and global importance provided by the MTPA, and facilitate its integration into the MBC.
- 2.2 The specific objectives of the Project are to: (i) facilitate the legal, territorial and institutional consolidation of the MTPA; (ii) promote effective integrated on-ground management of the MTPA; (iii) enhance sustainable use of natural resources and environmental management in its buffer zone and interconnected biological corridors; and (iv) improve capacities for monitoring and research of the ecological and socioeconomic conditions in the MTPA, its buffer zone and biological corridors.

B. Description of project components

1. Legal, territorial and institutional consolidation of the MTPA²⁵

- 2.3 ***Land tenure regularization and boundary demarcation of the MTPA.*** The Project will initiate a land tenure regularization in and around the MTPA as a basis for defining the definitive boundaries of the MTPA, implementing the following sequential actions: (i) facilitate the cadastral survey of the lands in the MTPA using advanced technology (GPS, GIS) and the application of conflict resolution methodologies in coordination with

²⁵ Funding: GEF: US\$1,675,000, GOV: US\$711,000, other sources: US\$357,000.

the sector entities in the three countries;²⁶ (ii) determination, delimitation, and legal registration of all properties (private, national and municipal) within and immediately adjacent to the preliminary boundaries of the MTPA proposed in the IMP, including application of conflict resolution policies and adherence to the land tenure/registry laws in each of the three countries; (iii) delimitation in the field of the proposed final boundaries of the MTPA (not withstanding the national boundaries of the three countries), using the preliminary boundaries proposed in the IMP and applying a series of technical, ecological, and social criteria for final setting of the boundaries, during which efforts will be made to exclude, to the extent possible, areas of human settlement and those areas deemed incompatible with efforts to restore or maintain ecological functions; (iv) proposed final limits will then be presented to appropriate national authorities for their consideration, revision and approval, including the preparation and promulgation of any such congressional and/or institutional instruments that may be required to legalize the new boundaries of the MTPA; (v) physical demarcation of legal boundaries of the MTPA, especially in areas of conflict and illegal activities; and (vi) publicizing information on the location of the boundaries and the importance of the MTPA to relevant institutions, organizations and the general public.

- 2.4 ***Consolidation and implementation of the trinational legal and institutional framework for the participatory management of the MTPA.*** The Project will support the establishment and operation of the Trinational Management Unit (TMU), which was created within the CTPT to manage the MTPA.²⁷ Project funds will be used to contract an entity to perform the functions of the TMU under a co-management arrangement with the SET. The TMU will be responsible for such activities, among others, as: (i) preparation of operational and annual work plans and evaluations; (ii) field level management and protection activities, patrolling and vigilance, and maintenance of protected areas infrastructure and equipment; (iii) coordination of proposed co-financing arrangements with other projects and programs; (iv) supervision of special studies, monitoring and investigation programs; and (v) continual communication and coordination with stakeholders and their organizations. Personnel of the TMU²⁸ will undergo a training program to consolidate protected areas management capacity and knowledge in areas of ecology, visitor/tourist communication, and conflicts resolution. A special training program will be implemented for locally-hired rangers and a tiered job classification system will be proposed to reward employee excellence with increased benefits for higher levels of responsibility.
- 2.5 The Project will catalyze the role of the CTAP, made up of the directors (or their designate) of the protected areas agencies in each country, as the primary technical advisory body to the CTPT, especially in its role in monitoring the quality of management activities being carried out in the MTPA and the performance of the TMU. The CTAP members will participate actively in the annual planning and evaluation

²⁶ The geodesic bases, satellite images, registry information, and methodologies and procedures to be used have been developed under the PATH and LAP II projects.

²⁷ Resolution No 4-2005 signed by the Vice Presidents of El Salvador, Guatemala, and Honduras October 27, 2005 officially established the TMU as the unit responsible for implementation of the IMP.

²⁸ Efforts will be made to promote that the contracting of support personnel by the co-management entity be done insofar as possible among the residents of the communities located within the MTPA and its buffer zone in the three countries.

process, as well as monitoring progress and field inspections, which will be supported with Project funds. To enhance their capabilities, CTAP members will receive advanced training in themes of protected areas management, management of private reserves, co-management and sustainable financing strategies, including professional exchanges with other transboundary protected areas in the Central America.

- 2.6 The Project will expand upon opportunities for increasing the participation of local actors in decisions affecting the management of natural resources in the Trifinio Region, including incorporation of the objectives of integrated management of the MTPA into the agenda of the three existing National Stakeholder Committee (NSCs) already active under the Plan Trifinio.²⁹ Resources have been allocated for training of NSC members on topics related to land-use planning, protected areas management, accounting for environmental services and potentials for economic development related to the MTPA. The NSCs will also participate in an annual stakeholders' forum to facilitate participatory planning and evaluation of Project activities and implementation of the IMP. Finally, the Project includes resources for contracting legal and institutional consulting services for the preparation of the agreements and instruments that may be required for effective legal, territorial and institutional consolidation of the MTPA, whether for regularization of new boundaries, changes of management categories, internal zoning, approval of special management plans, technical and financial assistance agreements, and/or collection of payments for environmental services and depositing them in a trinational trust fund.
- 2.7 ***Promote sustainable financing of the integrated management of the MTPA.*** The Project only intends to finance the costs of catalyzing the establishment of the new protected area and annual operating costs for the 4-year project period. Specialized services will be contracted to assist the SET and the TMU in developing, negotiating and putting into practice a series of financial mechanisms to eventually cover the recurring costs of managing the MTPA, including instruments for payment for the environmental services produced by the protected area (see paragraph 5.4). This effort will include the preparation of a definitive *Financial Sustainability Plan* and the establishment of a *Special Trust Fund* as repository for revenues to be generated with these mechanisms, to be administered by the SET for specifically financing management activities in the MTPA. Also, forums will be held with representatives of other projects and programs active in the region to enhance opportunities for coordination and co-financing of activities proposed under the IMP.
- 2.8 **Expected results** include: (i) public and private land tenure registered and regularized; (ii) geographic coordinate redefinition and demarcation of the definitive boundaries; (iii) trinational management framework established and operating in an effective and participatory manner; including the TMU operating under the principles and procedures of co-management, the CTAP strengthened as and acting as a permanent advisory body to the CTPT in supervising implementation of the IMP, and the NSC participating in

²⁹ The National Stakeholders Committees were established as interactive forums of the beneficiaries/participants for planning, managing, and executing the PT-CARL and are composed of representatives from the 7 mayoral offices of the municipalities in the MTPA in the three countries, productive associations/cooperatives, community associations, individual land within or adjacent to the MTPA, NGOs, and other interested groups.

facilitation of management of the MTPA; (iv) at least one regional professional exchange organized for members of the CTAP with other similar projects in the Americas; (v) instruments and mechanisms in place to collect revenues of valorized environmental goods and services provided by the MTPA, and deposited in a special trust fund to cover the basic operational costs for management; and (vi) required national and regional legal instruments and procedures enacted and in effect providing a legal basis for all the activities proposed under this component.

2. Integrated management of the MTPA for the conservation of biodiversity³⁰

- 2.9 ***Implementation of a functional land-use plan and conservation zoning scheme for the MTPA.*** The TMU, supported by specialized consulting services and in coordination with the CTAP, municipal governments, land owners, and other relevant local stakeholders, will develop and put in place a functional land-use plan and definitive zoning scheme for the MTPA, required as a basis for guiding management and protection activities within the MTPA, as well as facilitating appropriate public use that does not lead to degradation of biodiversity and ecological processes. Once approved, the TMU will work with the national protected areas authorities (as represented in the CTAP) to ensure that the land-use plan and zoning scheme is implemented and evaluated periodically (see Component 4).³¹
- 2.10 ***Establishment and maintenance of infrastructure for management, protection, and public use in the MTPA.*** Following the consolidation of a detailed infrastructure development and maintenance plan, and in keeping with the zoning scheme and public use and tourism plan (including analysis of carrying capacity and demand), the TMU will contract specialized consulting services to design and construct necessary infrastructure to ensure effective biodiversity protection, restoration of ecosystems, public use, and environmental interpretation and education activities such as visitor and information centers, administrative offices, monitoring and fire-control towers, shelters, potable water and sanitation systems at visitor sites, trails, boundary markers, signage and exhibitions.³² Also included in this activity are funds for the purchase and maintenance of technical and field equipment, vehicles and communications devices required by staff of the TMU.
- 2.11 ***Natural resource management and conservation on private lands in the MTPA.*** The Project will support natural resource management and conservation efforts on private lands in the MTPA³³. This includes supporting the following activities: (i) formation of a trinational private land owners' association in the MTPA responding to the objectives of the IMP and contributing to the management of the MTPA³⁴; (ii) technical assistance for the preparation of management plans for individual or grouped properties; and

³⁰ Funding: GEF: US\$1,060,000, GOV: US\$211,000, other sources: US\$1,129,000

³¹ Emphasis will be made on promoting adaptive management, applying the lessons learned and taking into consideration the information resulting from the monitoring activities and the action research program.

³² Infrastructure to be financed with GEF resources pertains primarily to the Guatemalan and Honduran portions of the MTPA, as El Salvador has already established basic infrastructure and facilities.

³³ Approximately 5,800 hectares or 42% of the surface of the MTPA is private land.

³⁴ National associations of private reserves already exist in Guatemala and Honduras and one is currently being organized in El Salvador. During project preparation meetings were held with private owners of large landholdings in the MTPA, who have demonstrated an interest to participate in the Project and contribute to the conservation objectives of the IMP.

(iii) development and facilitation of effective instruments and mechanisms to foster the maintenance and/or restoration of natural forest coverage and integrity of ecosystems on private lands in the MTPA as part of the program of payment for environmental services.

- 2.12 **Expected results** include: (i) operational and technical plans consolidated and in execution for regulating uses as prescribed under the zoning scheme; (ii) basic infrastructure established and in use by the TMU staff and the public; and (iii) a natural resources and conservation management program implemented on private lands in the MTPA.

3. Sustainable use of natural resources and environmental management in the buffer zone and biological corridors³⁵

- 2.13 ***Promotion of environmentally sustainable productive activities and environmental management in the buffer zone of the MTPA.*** Cooperating closely with other projects, in particular PT-CARL, PRODERT and the EU-financed transboundary development program, the Project will engage the economically active population (both women and men) in the buffer zone of the MTPA in training and extension related to: soil and water conservation, agroforestry, sustainable forest management and agricultural practices, ecotourism and cultural tourism. The Project will also promote the integration of the MTPA into the main tourism circuits in the Trifinio Region through strategic marketing and promotional activities.
- 2.14 ***On-ground establishment of biological corridors interconnecting with the MTPA.*** In order for the MTPA to be integrated into the MBC, it needs to be interconnected with other protected areas identified as priorities by the three respective countries and at the regional level. Consequently, in collaboration with co-financing partners (in particular PT-CARL), the Project will support on-ground pilot actions along biological corridors that follow the courses of rivers and creeks between the MTPA and the nearby-protected areas³⁶. The following activities will be implemented under this activity: (i) rapid ecological evaluations for identifying prime intervention sites within each of the identified corridors; (ii) collaborative planning with land owners for the design of restoration and protection activities; and (iii) technical assistance and plant materials for reestablishing and/or maintaining natural and native vegetation in an effort to integrate previously fragmented ecological units and use these as demonstration sites.
- 2.15 ***Development of environmental awareness within the local population and resource users.*** An environmental education program will be carried out for both visitors to the MTPA, and for local residents. Within the MTPA, the program will include interpretation activities and the dissemination of information on the natural history and the importance of the MTPA as headwaters of the watersheds that produce water resources used by area residents, as well as downstream users for potable water, irrigation, and hydroelectric generation. Dissemination and outreach materials will also be prepared for diverse stakeholder groups, including a supplementary curriculum on the MTPA to be distributed to secondary schools in all three national sectors in the Trifinio Region. Media of

³⁵ Funding: GEF US\$225,000, GOV US\$35,000 other sources US\$2,385,000.

³⁶ San Diego-La Barra in El Salvador, Quetzaltepeque Volcano in Guatemala, and the Pital-Güisayote in Honduras.

differing types will be made available for targeted groups including business owners, local and national political leaders, agricultural producers, as well as the general public ensuring special consideration to gender issues. At critical upper watershed sites the environmental education will integrate small-scale community sanitation programs (e.g. latrines, solid waste management). Linked to the sustainable financing plan, mechanisms will also be developed to enable communities and resource users to actively contribute (either with financial contributions or in-kind) to the protection of the MTPA. Finally, efforts will be made to organize youth groups to participate in management and environmental advocacy activities, including small-scale community service projects.

- 2.16 **Expected results** include: (i) a 10% increase in the economically active population in the Project area earning revenues from productive activities that are conservationist and/or do not deplete natural resources; (ii) at least three coffee-processing plants developing environmentally viable practices; (iii) three biological corridors (tentatively one per country) formally established with ecological restoration pilot-demonstration activities, recognized by both the respective local and national governments, and regionally and internationally as connections to the regional biological corridors within the framework of the MBC; and (iv) an environmental-ecological-cultural education program operating both within and outside the MTPA, disseminating educational and awareness-raising materials promoting management and protection of the area, and involving local schools and ecological groups, and linked with small-scale ecological sanitation projects (incl. latrines, solid waste management).

4. Monitoring and Research of the Ecological and Socioeconomic Conditions in the MTPA and its Buffer Zone, and Biological Corridors³⁷

- 2.17 **Implementation of an integrated monitoring and evaluation program.** Within the first 12 months following the operational establishment of the TMU the consolidated baseline of indicators linked to the Logical Framework ([Annex 1](#))³⁸ will be presented to the Bank and published in the CTPT's website as the basis for its monitoring and evaluation program. These indicators have been selected because they are relatively easy to access and can be monitored with the resources available in the Project. In addition, the selection of indicators has been made to respond to the Strategic Priority 1, *Catalyzing the Sustainability of Protected Areas*, particularly as it related to monitoring the management effectiveness of the MTPA. The program includes pertinent socioeconomic and ecological indicators required to evaluate the efficacy of the trinational institutional framework and co-management approaches proposed under Component 1, the effectiveness of management and protection activities proposed under Component 2, and sustainable natural resources management and alternative productive activities proposed under Component 3. Cost-effective and participatory methods will be applied and efforts will also be made to differentiate the indicators by gender. Monitoring and biological evaluation bases of the Project will be coordinated with other efforts in the three countries and the region (such as the IABIN, INBIO, MBC). Finally, the system will also

³⁷ Funding: GEF US\$365,000, GOV US\$110,000, other sources US\$452,000.

³⁸ The logframe specifies for which indicators the baseline is established and for which ones additional work will be required.

support planning, supervision, and evaluation of the progress of Project implementation by component and activity.

- 2.18 ***Development and implementation of a complementary action research program to support management of the MTPA.*** The Project includes funding for developing a selective action research program that is specifically derived from the management needs of the MTPA in accordance with the priorities emerging from the ecological and socioeconomic monitoring and evaluation program, the operational plans for management and protection in the MTPA, and the interests of the national, regional, and international scientific community. High priority will be given to studies that contribute to the adaptive management of the MTPA, as well as analyzing and calculating the economic value of the environmental services provided by the MTPA, and the creation of mechanisms and instruments for collecting payments for these services and placing them in local, national and regional accounts. At least ten persons will be trained and certified as para-researchers, either rangers or community members in the region, to assist in research activities and be remunerated for their services. The Project includes seed research funds with the aim to attract researchers with own their funds.
- 2.19 ***Consolidation and implementation of an information management system, dissemination of Project information, and sharing of lessons learned.*** A comprehensive information management system will be established to consolidate the data generated and/or required under activity sets for each component, as well as to provide a basis for broadly disseminating information on project progress, results of monitoring and applied research, best practices and lessons learned (especially concerning experiences under the innovative integrated management framework, conservation of private property inholdings, and sustainable financing initiatives). Information products will be accessed through a web page and documentation center linked to the similar effort already underway by the SET in San Salvador and its TTU in Esquipulas, Guatemala. An electronic bulletin will also be published and distributed periodically to disseminate lessons learned. Special care will be taken to assure that experiences and lessons learned are shared with local, regional and international policy makers, financing institutions, protected areas management agencies and NGOs by networking with the CCAD's Working Group for Protected Areas (including the CCAD/IUCN Transboundary Protected Areas Initiative) and the World Commission on Protected Areas/IUCN Transboundary Protected Areas Task Force. Members of CTAP will participate in regional and international exchanges, seminars and protected areas congresses and use these as forums for sharing lessons learned. The Project will also organize at least one regional workshop on transboundary protected areas management (in collaboration with other projects in the Region). In addition, the component includes resources for the design and execution of a publicity/communications campaign through local, national and regional media to inform the general public and business community about the biological and economic value of the MTPA, to be linked with the environmental educational activities proposed under Component 3.
- 2.20 **Expected results** include: (i) a Project monitoring program established and linked to the Project Logframe and GEF Tracking Tool, including consolidating a baseline and indicators and periodic monitoring in the MTPA, its buffer zone and three biological

corridors vis-à-vis the intervention of the Project; (ii) an applied research plan prepared and a selection of research projects initiated to enhance knowledge of the biodiversity, best uses of the natural resources, and the economic valuation of its environmental services; (iii) the project information management system established and providing information relevant to the execution of all activities, project planning and evaluation, and replication of best practices; (iv) information on the Project made accessible to local, national, regional and international groups; and (v) regional and international informational exchanges and networks established to share lessons learned applicable to other transboundary protected areas around the world.

III. COSTS AND FINANCING

- 3.1 The total cost of the Full Size Project is US\$8,990,000³⁹. Of this amount, US\$3,500,000 million will be financed by a GEF donation to be administered by the Bank and US\$1,167,000 as local counterpart (mainly in-kind contributions) from the three governments and the Trinational Commission for the Trifinio Plan and the operational units of the SET San Salvador and Esquipulas (see Table III-1).

Table III -1			
Indicative Budget by Source (GEF and local counterpart) and Investment Item (In US\$ thousands)			
Investment Item	GEF	GOV*	Total
Component 1: Legal, territorial and institutional consolidation of the MTPA	1,675	711	2,386
Basic management of MTPA (TMU, CTAP, National Stakeholders Committees)	1,129	631	1,760
Studies, monitoring and specific consultancies	350	40	390
Training, technical assistance, extension, publications.	196	40	236
Component 2: Integrated management of the MTPA for the conservation of biodiversity	1,060	211	1,271
Specific consultancies	95	30	125
Training, technical assistance, extension, publications	65	51	116
Protected areas management infrastructure	600	100	700
Equipment and materials	300	30	330
Component 3: Sustainable use of natural resources and environmental management in the buffer zone and biological corridors	225	35	260
Studies and specific consultancies	105	--	105
Training, technical assistance, extension, publications	120	35	155
Component 4: Monitoring and research of the ecological and socio-economic conditions in the MTPA, its buffer zone, biological corridors	365	110	475
Studies, monitoring and specific consultancies**	245	5	250
Training, technical assistance, extension, publications	10	15	25
Dissemination activities	40	--	40
Equipment and materials	70	90	160
Other costs	175	100	275
Administration	100	100	200
Financial audits	40	--	40
Contingency	35	--	35
TOTAL	3,500	1,167	4,667
* Includes the contributions of the governments of El Salvador (at least US\$690,000), Guatemala (at least US\$116,000) and Honduras (at least US\$166,000), and the CTPT (at least US\$195,000).			
**The costs for the mid-term review and final evaluation (approx. US\$50,000) will be covered by the GEF fee.			

³⁹ Excluding project preparation costs (US\$150,000 from the GEF PDF-B and US\$250,000 from the IDB administered Norwegian Trust Fund).

3.2 In addition, US\$4,323,000 represents complementary co-financing from the IDB and other international development assistance institutions and projects in execution or recently approved (see Table III -2) as described in Section I (paragraphs 1.42-1.49) of this document (see supporting letters in [Appendix I of the GEF Executive Summary](#)). For a detailed financial plan with activity costs by funding sources please also refer to [Appendix H of the GEF Executive Summary](#). The majority of the co-financing corresponds to Component 3 in support of sustainable natural resources management, integrated environmental education activities and developing sustainable productive activities in the buffer zone of MTPA and the biological corridors, largely from IDB-funded projects in the Trifinio Region under the coordination of the CTPT/SET (mainly PT-CARL), as well as projects funded by other donors. Co-financing will also be provided by local actors, including municipalities, communities and private property owners (mainly Components 2 and 3).

TABLE III-2 SUMMARY OF OTHER SOURCES OF CO-FINANCING (IN US\$ THOUSANDS)¹						
Component	European Union²	CABEI³	OIEA⁴	IDB⁶	Local actors⁷	TOTAL
1	50	-	-	94	213	357
2	-	-	-	460	669	1,129
3	375	130	20	1,120	740	2,385
4	50		75	280	47	452
TOTAL	475	130	95	1,954	1,669	4,323

1. For a detailed description of activities and funding source please refer to Appendix H of GEF Executive Summary.
2. Binational Program on Transboundary Development El Salvador-Honduras (European Union).
3. PRODERT.
4. Program for Sustainable Development, Environment and Water Resources in the Upper Lempa River Basin (IAEA)
6. Includes financing for projects financed by the Bank and executed/coordinated by the CTPT/SET within the framework of the Trifinio Plan: 1331/OC/GU, 1082/SF-HO, 886/OC-ES, RG-T1157. It also includes Bank funded projects in the beneficiary countries with activities considered as co-financing to the present Project: 1077/SF-HO; 1506/SF-HO.
7. Municipalities, CEL communities, private property owners, NGOs, private researchers.

IV. PROJECT EXECUTION

A. Trinational framework for management and administration of the MTPA

4.1 The CTPT, will be the executing agency for the Project (see Annex 4). The CTPT will sign agreements with each of the national protected areas authorities by which each agency delegates the management of the MTPA to the CTPT. Signing of these agreements will be a condition prior to the first disbursement. The CTPT will execute the Program through its SET. The SET will forge coordination of the Project with activities of other programs in the Trifinio Region to ensure synergies and achievement of co-financing objectives, specifically implementing the following tasks: (i) supervising the execution of the IMP and other activities related to this Project; (ii) administering Project funds based on procedures to be established in the Project Operating Regulations; and (iii) coordinating with the CTAP, NSC, businesses, and other interested parties in order to facilitate effective planning, monitoring and evaluation of project activities in keeping with the strategies and objectives of the IMP.

4.2 The TMU will be responsible for direct execution of all strategic actions and activities related to integrated management of the MTPA based on annual operating plans, in

coordination with national and regional projects identified as co-financing partners, especially those programs managed under the Trifinio Plan. The CTPT, through its SET, will carry out a competitive international bidding process to select and contract an entity to execute the functions of the TMU under a co-management arrangement. The SET's TTU, referred to in paragraph 1.19, has a manager who will supervise the quality and pace of the execution of the activities carried out by the TMU. Coordination with other projects within the CTPT will also be ensured through the TTU, as it coordinates the development of annual work plans amongst the various projects. In addition, the CTPT will organize annual meetings amongst all the related projects in the Trifinio region to promote synergies and collaboration. The Project will contribute resources to hire a minimum of support staff necessary to support management and administrative functions within the TTU.

- 4.3 The CTAP has been active over the 18-month design phase of the Project and will assume an active role during Project implementation. It will continue as a technical advisory body to the CTPT in matters relating to the coordinated management and governance of the trinational protected area, facilitating the preparation and approval of legal and institutional instruments required in their respective countries to meet the objectives of the IMP (especially those concerning legalization of the expanded protected area boundaries, zoning scheme and sustainable financing mechanisms), and in controlling the quality of the technical activities performed by the TMU. The CTAP in agreement with the SET will approve annual operating plans, budgets and progress reports prepared by the TMU.
- 4.4 Prior to first disbursement, the following shall be required: (i) signature of the respective bilateral agreements between CTPT and each of the national protected areas authorities in the three countries for the delegation of functions that will enable the trinational management of the MTPA⁴⁰; and (ii) enter into effect of the Operating Regulations approved by the Bank. The Operating Regulations include the Terms of Reference/conditions for the contracting of a third party entity to perform the functions of the TMU under a co-management scheme. Within twelve months from the operational establishment of the TMU, the consolidated baseline of indicators outlined in the Logical Framework will be presented to the Bank and published in the CTPT's website (¶4.11).
- 4.5 Notwithstanding the stipulations referred to in paragraph 4.4 and provided that Article 3.01 (a), (b), (c) and (e) of the General Conditions of the Contract to be signed between the Bank and the CTPT has been fulfilled, the CTPT may request an initial disbursement of up to US\$100,000 from the Bank to finance support for completing the conditions prior to the first disbursement, contracting of a consultant to support the TTU, related expenses for the approval of the Operating Regulations, as well as activities related to the the condolidation of the Project's baseline of indicators.

⁴⁰ The agreements between CTPT/SET and AFE/COHDEFOR (Honduras) and SE-CONAP (Guatemala) were signed in January 2006 and February 2006 respectively. The agreement with MARN (El Salvador) is currently being negotiated.

B. Project execution and administration

- 4.6 The Project will be executed within the administrative framework already established in the CTPT and functioning for more than eight years for implementation of the Trifinio Plan. Most of the administrative procedures to be applied for the current Project are already used in the execution PT-CARL Program, including approved procurement and auditing systems. Additional operational procedures and norms have been added to the Operating Regulations of this Project which respond to special conditions included in protected areas laws and regulations of the three countries, as well as to requirements of the GEF.
- 4.7 The CTPT, which is actively managing several large projects in the Trifinio Region through its SET, will coordinate administration of Project funds and accounting of co-financing contributions, including, signing of all official contracts and cooperative agreements related to implementation of the IMP, and execute medium and large-scale procurements of goods and services that will be required in the execution of the Project. The CTPT, through its SET, will coordinate administration of funds with the Bank's Country Office in San Salvador, including disbursement requests, reconciliations and audits, clearances for procurement, annual operational plans, progress reports, and mid-term and final evaluations. The Project's revolving fund will be 10% of the GEF resources.⁴¹
- 4.8 The Bank will assign supervision of Project execution to a specialist from its Country Office in El Salvador, who will be backstopped by a specialist from RE2/EN2 at IDB headquarters in Washington, the latter also serving as contact person with the GEF. Collaboration will also be sought with the specialists in the other IDB Country Offices (Guatemala, Honduras), especially to ensure coordination with other projects and facilitate contacts with the national authorities. Periodic administrative missions will be made to the SET headquarters in San Salvador and the Trifinio Region and MTPA to monitor technical and administrative quality in Project execution.

C. Procurement of goods and services

- 4.9 The procurement of works, goods and consulting services will be carried out following the new Policies and Procedures for Bank Procurement (GN-2349-6 and GN-2350-6) and in accordance with the Procurement Plan and the procurement limits (Table IV-1) established for the project. Trinational International Public Bidding will be advertised in the three beneficiary countries (Honduras, El Salvador and Guatemala). For private bidding, to the extent possible, providers from the three countries will be invited. The Bank will apply ex-ante revisions, with the exception of purchases below US\$50,000, for which ex-post revisions will be applied.

⁴¹ A revolving fund of 10% is justified by the resource requirements during Project execution, in particular related to the service contract for the TMU.

Table IV-1 Procurement Limits (in thousands US\$)				
Type	International Public Bidding	Trinational International Public Bidding	Private Bidding	Direct contracting
Consulting Services	>200	≥100 and <200	≥10 and <100	<10
Goods	>250	≥100 and <250	≥10 and <100	<10
Works	>1,500	≥500 and <1,500	≥20 and <500	<20

D. Disbursement period

4.10 The disbursement period shall be 48 months from the date the contract goes into effect. The tentative timetable for disbursements is indicated in Table IV-2.

Table IV-2 Indicative Timetable of Project Disbursement (in US\$ thousands)						
Source	Year 1	Year 2	Year 3	Year 4	Total	%
GEF	700	1,050	875	875	3,500	39%
Governments and CTPT	234	345	294	294	1,167	13%
Others (see Table III-2)	865	1,296	1,081	1,081	4,323	48%
Total	1,799	2,691	2,250	2,250	8,990	100%
Percentage	20%	30%	25%	25%	100%	

E. Follow-up, evaluation and monitoring

4.11 Component 4 of the Project includes a series of actions and products intended to provide a basis for facilitating continuous supervision, monitoring and annual evaluation of Project execution. Discrete baselines and indicators will be consolidated and presented to the Bank and published in the CTPT’s website within 12 months of the operational establishment of the TMU and will be linked to the Project’s Logical Framework⁴² (Annex 1) and for monitoring changes in ecological and sociological conditions in response to protected areas management activities in the MTPA, and the promotion of sustainable and regenerative productive activities in the buffer zone and related biological corridors. A comprehensive information system, including a GIS, will be established to consolidate all relevant information products generated by and used for project execution in support of all four components. The information system will also facilitate annual planning and monthly programming, timely supervision of the pace and quality of Project execution by component and activity (including environmental, socioeconomic, technical, and financial aspects), and annual, mid-term and final evaluations to determine progress toward the major objectives and outcomes indicated in the logical framework. The required technical, environmental and socioeconomic informational baselines and indicators will also respond to the requirements of the Tracking Tool used by GEF to monitor effectiveness of projects financed under its *Strategic Priority 1, Catalyzing the Sustainability of Protected Areas*.

4.12 A mid-term review will be performed when 50% of the GEF resources have been disbursed, thereby allowing for adjustment of strategies and/or methodologies of execution, should it be necessary, through the remainder of the life-of-project. In particular, it will assess the functionality of the integrated management framework and

⁴² The Logical Framework matrix specifies which baselines exist and which will require additional work to consolidate. The project includes approximately US\$150,000 for monitoring (integrated in component 4).

evaluate the progress being made on developing sustainable financing mechanisms, especially for the operation of the TMU and the establishment of the Special Trust Fund. This information will be useful to the three governments and the CTPT/SET in updating and agreeing on common strategies for ensuring the long-term sustainability of the MTPA. A report from the mid-term review will be presented to the Bank 30 days after its completion. When 90% of the GEF resources have been disbursed, a final evaluation will be performed, including an analysis of the lessons learned and a description of the best technical, institutional and participatory practices applicable to future actions of management of the MTPA and its buffer zone, and experiences in the restoration and constitution of biological corridors. A report from the final evaluation will be presented to the Bank 30 days after its completion. Lessons learned, best practices and results of project evaluations will be widely shared with local and national government agencies, local stakeholder groups, co-financing partners, and other interested parties at the national, regional and international levels, including similar GEF-financed efforts, through the Project's website (which is linked to the SET's official website), in seminars and reports.

- 4.13 To guide the mid-term and final evaluation, the following five questions have been established: 1) are the respective protected area authorities of the three countries effectively supporting the MTPA as an integrated trinational protected area? (2) Is the TMU effective as a co-management entity and achieving objectives of management of the MTPA as an integrated protected area? (3) Are private landowners and resource users actively participating in actions that contribute to the objectives of the IMP (assess these by groups of project participants)? (4) Is the MTPA moving towards financial sustainability and has the Project facilitated the establishment viable mechanisms, and are they considered temporary or permanent? (5) Has the Project contributed to maintain the natural forest cover in the MTPA and stopped the encroachment of the agricultural frontier.

V. BENEFITS, FEASIBILITY AND RISKS

A. Project benefits

- 5.1 The Project will result in: (i) the establishment and operation of a trinational model of administration and management of the MTPA within the existing structure of the CTPT, with active participation of governmental and non-governmental groups in the region (including local communities and private landowners); (ii) the implementation of the actions of management, restoration and sustainable utilization of the ecosystems represented in the MTPA for the protection of its biodiversity and the maintenance of the quality and quantity of water resources; (iii) mitigation of the threats and root causes that are jeopardize the ecological integrity of the MTPA by promoting environmentally sound practices productive practices and sustainable uses of natural resources to those living in the MTPA and its buffer zone and biological corridors; (iv) enhancing knowledge of the biodiversity, ecological processes, and the value of the environmental goods and services offered by the MTPA, and disseminating this knowledge to stakeholders at the local, national, and regional levels, and (v) development and implementation of innovative

sustainable financing mechanisms intended to finance the recurring costs of managing the MTPA and protecting its biodiversity of global importance.

- 5.2 The Project will yield multiple direct benefits to the population living in the MTPA and its buffer zone and interconnected biological corridors, and other indirect benefits to all communities of the greater Trifinio Region. Direct participants in the activities of sustainable development of natural resources will receive training and guidance for improving and sustaining their production and diversifying their income base. The Project seeks to increase income generation and the reduction of economic and environmental risks to hillside producers and coffee growers, and in collaboration with co-financing partners will offer alternative vocational opportunities in selected communities and individual entrepreneurs in tourism and artisanry. It is also anticipated that the communities in the MTPA and the buffer zone will benefit from a more secure supply of water resources for domestic and agricultural uses, and reduced vulnerability to natural disasters by maintaining the forest cover in the MTPA and its ecological functions. Small-scale community sanitation projects linked to the environmental education activities in the buffer zone will also contribute to improved hygiene and health conditions.

B. Feasibility

1. Institutional feasibility

- 5.3 The Project will be carried out within the existing trinational institutional framework which has been operational for more than eight years under the authority of the CTPT. The fact that the three governments continue to provide discretionary resources for the operation of the SET and projects linked to the Trifinio Plan, including the PT-CARL and several other projects and programs financed with the cooperation of international development assistance institutions, is proof of their intentions to maintain development assistance activities under the policies and strategies of Central American integration. The Treaty gives authority to the CTPT to establish any operational units as may be necessary to carry out the activities under the Plan, and under Resolution No 4-2005 signed in October 2005, the CTPT created the TMU under the CTPT, and assigned it responsibilities to coordinate the implementation of the IMP of the MTPA. The same Resolution permanently establishes the CTAP as advisory body to the CTPT and guarantees the direct participation of the national protected areas management agencies of the three countries in the supervision and quality control of management activities in the MTPA. Finally, the trinational institutional framework proposed for managing the MTPA and the Project is the product of numerous consultations with a broad spectrum of stakeholder groups in the region, and includes their participation through the NSC, thus contributing another positive factor for assuring institutional sustainability.

2. Financial feasibility

- 5.4 A series of activities have been included in the Project to facilitate the development and implementation of strategies and instruments to generate the revenues required for meeting the recurring costs of management and protection activities in the MTPA and its buffer zone. The Project will facilitate the development of a definitive Sustainable

Financing Plan during Year 1⁴³ (see [Appendix M of the GEF Executive Summary](#) for additional information) and the gradual implementation during the remaining years of the most promising mechanisms and instruments identified during Project preparation, including among others: (i) entrance fees paid by visitors to the MTPA; (ii) permits for research and scientific inventories; (iii) concessions and/or fees charged to tourism companies/operators, tourist transport services, restaurants, hostels and hotels, and vendors; (iv) payment of tariffs for use/extraction of water for industrial use; (v) payment of fees for use/extraction of water for generating hydroelectric power; and (vi) contributions or special taxes of the municipalities for the protection and reduction of vulnerability to natural disasters.

- 5.5 The contract to be signed between the CTPT and entity selected under a competitive international bidding process to perform the functions of the TMU will specify that this Unit shall actively seek financing sources to meet recurring operational needs (and as an incentive to the Contractor's continuing its own operations) as the percentage of costs met by the Project will decline, whether these be through mechanisms of payment for environmental services, contributions from national businesses, and/or projects funded by bilateral and multilateral international development assistance institutions and/or private foundations⁴⁴.
- 5.6 During Project preparation, a participatory exercise was carried out with members of the CTAP to analyze the financial sustainability and a decision was made to gradually reduce GEF funding over the four-year life-of-project for covering the recurring costs of management of the MTPA, while at the same time increasing revenues generated under the strategy indicated above. According to preliminary estimates, it is envisioned that, by the end of the Project, efforts to achieve sustainable financing will yield sufficient agreements for payment of environmental services and other sources for meeting at least 50% of the financing required per year for the administration and operation of the MTPA. MARN in El Salvador is committed to continue financing management of the Montecristo National Park until such instruments are in place. An additional proposal is also being considered by the CTPT to increase the annual contribution by member governments to be used for recurrent financing of the MTPA.

3. Environmental and social feasibility

- 5.7 The environmental and social impact of the Project will be positive. The Project was conceived in order to support policies and objectives of the three governments to maintain and improve the environmental and social conditions in the Trifinio Region and consolidate their respective protected areas systems. The activities of protecting globally important biodiversity in the MTPA will contribute to the objectives of the Convention on Biological Diversity, to which all countries are signatories, and each country's efforts to construct the MBC. At the same time, the Project will contribute to preserving and promoting sustainable, non-consumptive, productive uses of the natural resources,

⁴³ An approximate amount of US\$150,000 has been allocated to the development of this Plan.

⁴⁴ As one example of such strategies, the report of the rapid ecological evaluation recommends that the MTPA be declared as an Area of Importance for Bird Conservation (a system established by BirdLife International). The inclusion of the MTPA on such lists is expected to help attract more visitors and increased funding for research and management.

especially water resources, in the MTPA and its buffer zone to the benefit of the local populations and those downstream in the Lempa River Basin.

- 5.8 The incorporation of the local stakeholder groups and local governments into the proposed trinational institutional framework will assure their participation in decisions that directly affect and benefit them. In the MTPA buffer zone of Honduras, there is a small community of members of the Maya Chortí ethnic group. The Chortí families have largely been assimilated into the local society and do not maintain any claims to traditional lands or cultural sites in the Project's direct area of influence. Some members of these communities are interested coming together to reestablish their cultural traditions. In this sense, the Project will involve them in specific activities according to their interest and will encourage their participation in the National Stakeholder Committee.
- 5.9 With regard to infrastructure management and protection infrastructure and public use facilities to be established in the MTPA, and small-scale sanitation projects proposed for some communities in the buffer zone, the procedures of environmental and social (including gender) impact analysis incorporated into the PT-CARL will be applied in order to identify, mitigate and monitor potential negative impacts in accordance with Bank standards and regulations of the respective environmental management authorities in El Salvador, Guatemala and Honduras. Additional elements related to the sensitive ecological aspects of the MTPA will be included into assessment procedures and reflected in the Project Operating Regulations.

C. Consultation with and participation of the stakeholders and beneficiaries

- 5.10 The outreach area of the PT-CARL Program covers nearly all the area surrounding the MTPA, including a significant portion of its buffer zone. During preparation of PT-CARL, an assessment of socioeconomic conditions and a fairly comprehensive stakeholder consultation process were carried out throughout the much of the Trifinio Region. This information served as a basis for preparing the Project's diagnostic study and IMP. During the process of designing this Project a series of consultations, workshops, and meetings were held with various stakeholder groups in each country and regionally with representatives of agencies of the three national governments, municipal governments, producer associations, community organizations and NGOs. In addition, under the authority of the CTPT, an interdisciplinary working group was established with the SET and the National Executive Directors of the CTPT, members of the CTAP, the Bank Project Team and consultants, who held 11 workshops and seminars to guide preparation of the IMP and the current GEF Project.
- 5.11 It is also noteworthy that, given the almost 17 years of efforts to foster integrated development in the Trifinio Region, there is now a history of participation by organizations at all levels in each of the three countries. There are a number of local organizations participating in development actions in the Region, most of them the result of the initiatives of projects carried out in the Trifinio Region, such as the three Trifinio Association for Sustainable Development (ATRIDEST), set up through the Trifinio Pilot Plan in 1995, made up in each country of organizations of small and medium-scale

producers, savings and loan cooperatives, teachers, NGOs, community organizations and advocacy groups. The PT-CARL Program has also organized NSCs as forums for participation in planning and coordination of the execution of the activities under the program. The NSCs are currently made up of representatives of the municipal governments located in the Upper Lempa River Basin in the three countries, producer associations/cooperatives, community associations, non-governmental organizations, and other interest groups in accordance with their relationship with the area. The objectives and activities of the Project will be placed on the agenda of the NSCs, adding other interest groups directly involved in the management and protection of the MTPA, for example, groups of owners of lands within and adjacent to the MTPA. Efforts will also be made to ensure adequate participation of both women and men. The NSCs and owners of private property in the protected area will be invited along with SET and its Trilateral Technical and Administrative Units and National Executive Directors, the CTAP, representatives from other projects and the TMU, to an annual forum to participate directly in the planning and evaluation of Project activities.

D. Risks

- 5.12 The complexity of implementing a trilateral and integrated project of this nature, requiring strong coordination between a multiplicity of institutions and projects in the three countries and associated projects, is a potential risk to the project. In addition, achieving certain ambitious objectives of the IMP (for example formalizing the expanded boundaries of the MTPA or establishing a trilateral protected areas trust fund) will require certain new national legal instruments which, if not achieved, could limit the level of achievement of expected Project outcomes. The expectation, nevertheless, is that most of the basic elements of the IMP can be achieved under the political and institutional framework established under the Treaty for the Execution of the Trifinio Plan, which already has a long track record of promoting integration initiatives. Coordination is also facilitated by the fact that most of the projects identified as sources of co-financing are administered by the CTPT, through the SET, and the Project will also organize coordination meetings amongst these projects. The active involvement of the national protected areas authorities through the CTAP will also facilitate Project execution and achievement of the objectives of the IMP.
- 5.13 The success of Project in achieving its objectives will depend in large part on the development of sustainable financing mechanisms to cover the recurrent management costs of the MTPA in the medium and long term. To that end, the Project proposes to consolidate and implement a Financial Sustainability Plan that will emphasize the diversification of revenues from numerous users of the environmental goods and services provided by the MTPA, especially larger-scale municipal, industrial and agricultural users of water resources and hydroelectric power stations, in addition to national authorities, protected areas entrance fees and tourism concessions, among others.